Concern of Trade Unions on Banking activities

3983. SHRI C. PERUMAL: Will the Minister of FINANCE be pleased to state:

(a) whether Trade Unions are concerned with the changing trend lines, outsourcing of activities, disinvestment in Public Sector Banks, etc. in banking activities; and

(b) if so, what steps have been taken to address their concern?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Yes, Sir. Indian Banks' Association has reported that the trade unions in public sector banks are concerned with issues like, outsourcing of activities and disinvestments in public sector banks. On the issue of disinvestment in banks, the holding of Central Government in nationalised banks is not expected to go below 51% and as such the banks will retain their public sector character.

As regards the outsourcing, globally banks are increasingly using it as a measure of both reducing costs and accessing specialist expertise, not available internally and for achieving strategic aims. The trade unions of workmen in banks had also agreed in the VIII Bipartite settlement that outsourcing would be required in specialized areas. The Reserve Bank of India (RBI) has issued draft guidelines on outsourcing of financial services by banks which intend to provide direction and guidance to the banks to adopt sound and responsive risk management practices for effective oversight, due diligence and management of risk arising from such outsourcing activities. Banks would be required to put in place a Board approved policy for outsourcing based on the final guidelines of RBI.

Percentage of GDP in black money

3984. MS. MABEL REBELLO: Will the Minister of FINANCE be pleased to state:

(a) what is the percentage of GDP in black money in India in 2006;

(b) whether it is a fact that if this black money is taxed, then Government can earn more than Rs. 12 lakh crores revenue per annum;

(c) whether Government have any plans or mechanisms to unearth black money and tax the same; and

(d) if so, the details thereof and measures it plans to undertake?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) There is no formal estimate of the amount of black money presently in the country. As such the percentage of GDP in black money cannot be quantified.

(b) In the absence of any estimate of black money presently in the country, the revenue that could be generated by taxing the black money is not quantifiable.

(c) and (d) The government is continuously taking several steps in order to unearth black money and combat tax evasion. These include, *inter-alia*, undertaking searches and seizures, surveys, enquiries and scrutiny of Income tax returns in appropriate cases. Futher, by the Finance Act, 2005, the Government have introduced two additional anti-tax evasion measures, namely, levy of Banking Cash Transaction Tax to establish the trail of large cash withdrawals through banking channels and furnishing of quarterly returns by banks in respect of deposits that are exempt from TDS on interest.

Uniformity in VAT rates

3985. SHRI MANOHAR GAJANAN JOSHI: Will the Minister of FINANCE be pleased to state:

(a) whether VAT rates are not uniform in all States even after 10 months after their implementation;

(b) if so, the reasons therefore; and

(c) the action taken to bring uniformity in VAT rates?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The State VAT, being a tax on sale on purchase of goods within a State, is a State subject by virtue of Entry 54 of State List of the Constitution of India. An Empowered Committee on State Finance Ministers (EC) has been constituted to deliberate upon and decide all matters concerning State VAT. The EC has decided the design of VAT (including the structure of rates of tax on various commodities) under the State VAT. The EC has decided a uniform tax structure to be adopted by the States under VAT. This consists of two main rates of 4% and 12.5%, besides the special rate of 1% for a few